

THE OFFICE OF EFFICIENCY REVIEW BEST PRACTICES & GUIDELINES FOR IMPLEMENTATION

Consultant Contracts

Name of Agency & Director

Arizona Department of Economic Security (ADES), Director Tracy Wareing

Background and Summary of Best Practice

As part of an earlier ER Project, ADES reduced the use of consultants and implemented practices to sustain the reduction.

- ADES requires that new contracts include a transfer of knowledge requirement.
- ADES requires a review of all new consultant contracts at the Assistant Director level and the justification as to why a consultant is being used. To aid this process, a listing of nine questions was developed (see the attached example as modified by the Arizona Department of Administration (ADOA) State Procurement Office, making it less specific to ADES.)
- ADES, together with ADOA, provided training to contract staff on the GAO Technical Bulletin, "Criteria For Identifying An Employee vs. Independent Contractor."

Benefits

- For FY 2004 in the area of "Professional and Outside Services (P&O)," the CERTS reports show a total of \$3.6 million in one-time P&O savings for ADES.
- A side benefit of this review was the use of the 20 questions to more accurately determine when positions should be classified as employees rather than contractors, thereby avoiding potential tax and retirement liabilities.

How to Implement This Effort in Your Agency

1. ADES' "Decision Criteria for Consultant Contracts" and the "Criteria For Identifying an Employee Versus Independent Consultant" questionnaire" are attached. These documents will also be available on the Efficiency Review Website at www.azgovernor.gov/er/bestpractices.asp.
2. Director should forward this information to their Contracting Units and ask them to do the following:
 - a. Add transfer of knowledge language as a requirement to all new consultant contracts. DES contract states, *"The Contractor shall, whenever feasible, share strategies and techniques with Department staff to transfer the skills and knowledge acquired in the delivery of the contracted service."*
 - b. Justify all new consultant contracts using the nine "Decision Criteria For Using A Consultant" document and track the data.
 - c. Review existing consulting contracts using the "Criteria for Identifying An Employee vs. Independent Contractor" and take appropriate action based on the results.

Contacts

Katherine Babonis, DES, CPO
602-364-0194
kbabonis@azdes.gov

Jean Clark, ADOA, State Procurement Administrator
602-542-9136
Jean.Clark@azdoa.gov

To propose one of your Best Practices please contact Tad Wootton at twootton@az.gov or 602.542.1246

